

# STATE OF NEW YORK

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4817--A

2023-2024 Regular Sessions

## IN SENATE

February 15, 2023

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Introduced by Sens. ADDABBO, WEBB -- read twice and ordered printed, and when printed to be committed to the Committee on Racing, Gaming and Wagering -- reported favorably from said committee and committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the racing, pari-mutuel wagering and breeding law, in relation to the tax on gaming revenues in certain regions; to amend the tax law, in relation to the additional vendor fee for a certain track located within Oneida county; and to amend part EE of chapter 59 of the laws of 2019, amending the tax law relating to commissions paid to the operator of a video lottery facility, in relation to the effectiveness thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. Subdivision 1 of section 1351 of the racing, pari-mutuel  
2 wagering and breeding law, as amended by section 1 of part 000 of chap-  
3 ter 59 of the laws of 2021, is amended to read as follows:
- 4 1. (a) For a gaming facility in zone two, there is hereby imposed a  
5 tax on gross gaming revenues. The amount of such tax imposed shall be as  
6 follows; provided, however, should a licensee have agreed within its  
7 application to supplement the tax with a binding supplemental fee  
8 payment exceeding the aforementioned tax rate, such tax and supplemental  
9 fee shall apply for a gaming facility:
- 10 (1) in region two, forty-five percent of gross gaming revenue from  
11 slot machines and ten percent of gross gaming revenue from all other  
12 sources.
- 13 (2) in region one, thirty-nine percent of gross gaming revenue from  
14 slot machines and ten percent of gross gaming revenue from all other  
15 sources.
- 16 (3) in region five, thirty-seven percent of gross gaming revenue from  
17 slot machines and ten percent of gross gaming revenue from all other

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD09068-03-3

1 sources; provided however, that in the Tioga county portion of region  
2 five, for the period during which both of the following criteria are met  
3 (i) any facility's tax rate is adjusted by the commission pursuant to  
4 paragraph (b) of this subdivision, and (ii) a vendor track that is  
5 located within Oneida county, within fifteen miles of a Native American  
6 class III gaming facility maintains at least seventy percent of full-  
7 time equivalent employees as they employed in the year two thousand  
8 sixteen, the tax rate on facilities located in the Tioga county portion  
9 of region five shall be thirty percent of gross gaming revenue from slot  
10 machines, and ten percent of gross gaming revenue from all other sourc-  
11 es; and provided further, that any such facility shall provide an  
12 initial report to the governor, the speaker of the assembly, the tempo-  
13 rary president of the senate, and the commission detailing the projected  
14 use of funds resulting from such tax adjustment and a plan that  
15 prescribes the manner in which the licensed gaming facility receiving  
16 the reduction in its slot machine tax rate will rebuild their economic  
17 infrastructure through the rehiring of laid-off employees or the  
18 creation of new jobs. Such plan shall also clearly establish quarterly  
19 and annual employment goals of increasing full-time employees. Such  
20 initial report and accompanying plan shall be due ninety days after such  
21 reduction goes into effect. Thereafter, an annual report shall be made  
22 to the governor, the speaker of the assembly, the temporary president of  
23 the senate, and the commission detailing actual use of the funds result-  
24 ing from such tax adjustment. Such report shall include, but not be  
25 limited to, any impact on employment levels since receiving the funds,  
26 an accounting of the use of such funds, any other measures implemented  
27 to improve the financial stability of the gaming facility, and any other  
28 information as deemed necessary by the commission. Such report shall be  
29 due no later than the first day of the fourth quarter in each year such  
30 tax rate has been granted.

31 (b) (1) Notwithstanding the rates in paragraph (a) of this subdivi-  
32 sion, a gaming facility may petition the commission to lower the tax  
33 rate applicable to its slot machines to no lower than thirty percent. In  
34 analyzing such request, the commission shall evaluate the petition using  
35 the following criteria:

36 (i) the ability of the licensee to satisfy the license criterion of  
37 financial stability absent the tax rate reduction;

38 (ii) a complete examination of all financial projections, as well as  
39 gaming revenues generated for the prior annual period;

40 (iii) the licensee's intended use of the funds resulting from a tax  
41 adjustment;

42 (iv) the inability of the operator to remain competitive under the  
43 current tax structure;

44 (v) positions advanced by other gaming operators in the state in  
45 response to the petition;

46 (vi) the impact on the competitive landscape;

47 (vii) other economic factors such as employment and the potential  
48 impact upon other businesses in the region; and

49 (viii) the public interest to be served by a tax adjustment, including  
50 the impact upon the state in the event the operator is unable to remain  
51 financially viable.

52 (2) The commission shall report their recommendation solely based on  
53 the criteria listed in subparagraph one of this paragraph to the direc-  
54 tor of the division of budget who will make a final approval.

55 (3) (i) As a condition of the lower slot machine tax rate, such gaming  
56 facility shall provide an initial report to the governor, the speaker of

1 the assembly, the temporary president of the senate, and the commission  
2 detailing the projected use of funds resulting from such tax adjustment  
3 and a plan that prescribes the manner in which the licensed gaming  
4 facility potentially receiving the reduction in its slot machine tax  
5 rate will rebuild their economic infrastructure through the rehiring of  
6 laid-off employees or the creation of new jobs. Such plan shall also  
7 clearly establish quarterly and annual employment goals of increasing  
8 full-time employees. Such initial report and accompanying plan shall be  
9 due at the time a facility is granted a tax adjustment. Thereafter, an  
10 annual report shall be made to the governor, the speaker of the assem-  
11 bly, the temporary president of the senate, and the commission detailing  
12 actual use of the funds resulting from such tax adjustment. Such report  
13 shall include, but not be limited to, any impact on employment levels  
14 since receiving the funds, an accounting of the use of such funds, any  
15 other measures implemented to improve the financial stability of the  
16 gaming facility, any relevant information that helped in the determi-  
17 nation of such slot tax rate reduction, and any other information as  
18 deemed necessary by the commission. Such report shall be due no later  
19 than the first day of the fourth quarter after such tax rate has been  
20 granted.

21 (ii) (A) At the conclusion of each year, a licensed gaming facility  
22 shall provide an affirmation in writing to the commission stating the  
23 employment goal in clause (i) of this subparagraph was either met or not  
24 met as described in the initial report. If the licensed gaming facility  
25 is found to have not adhered to the plan by the commission, then the  
26 applicable slot tax rate shall be adjusted at the discretion of the  
27 commission as follows:

28 1. If the actual employment number is more than fifty percent less  
29 than the employment goal, then the slot tax rate shall be increased by  
30 ten percentage points.

31 2. If the actual employment number is more than forty percent less  
32 than the employment goal, then the slot tax rate shall be increased by  
33 eight percentage points.

34 3. If the actual employment number is more than thirty percent less  
35 than the employment goal, then the slot tax rate shall be increased by  
36 six percentage points.

37 4. If the actual employment number is more than twenty percent less  
38 than the employment goal, then the slot tax rate shall be increased by  
39 four percentage points.

40 5. If the actual employment number is more than ten percent less than  
41 the employment goal, then the slot tax rate shall be increased by two  
42 percentage points.

43 (B) Such finding and the reasoning thereof shall occur no later than  
44 thirty days following submission of the written affirmation.

45 (iii) A licensed gaming facility may petition the commission to lower  
46 the tax rate applicable to its slot machines to no lower than thirty  
47 percent no more than once annually after the effective date of the chap-  
48 ter of the laws of two thousand twenty-one which amended this subdivi-  
49 sion. A licensed gaming facility may request a revision to its plan in  
50 its initial report due to unforeseen circumstances.

51 § 2. Clause (B) of subparagraph (iii) of paragraph 1 of subdivision b  
52 of section 1612 of the tax law, as added by section 1 of part EE of  
53 chapter 59 of the laws of 2019, is amended to read as follows:

54 (B) for a vendor track that is located within Oneida county, within  
55 fifteen miles of a Native American class III gaming facility, such addi-  
56 tional vendor fee shall be six and four-tenths percent of the total

1 revenue wagered at the vendor after payout for prizes pursuant to this  
2 chapter. The vendor track shall forfeit this additional vendor fee for  
3 any time period that the vendor track does not maintain at least [~~nine-~~  
4 ~~ty~~] seventy percent of full-time equivalent employees as they employed  
5 in the year two thousand sixteen.

6 § 3. Section 3 of part EE of chapter 59 of the laws of 2019, amending  
7 the tax law relating to commissions paid to the operator of a video  
8 lottery facility, is amended to read as follows:

9 § 3. This act shall take effect immediately; provided, however, clause  
10 (B) of subparagraph (iii) of paragraph 1 of subdivision b of section  
11 1612 of the tax law as added by section one of this act shall take  
12 effect June 30, 2019 and shall expire and be deemed repealed March 31,  
13 [~~2023~~] 2027.

14 § 4. This act shall take effect immediately; provided, however, that  
15 the amendments to subdivision 1 of section 1351 of the racing, pari-mu-  
16 tuel wagering and breeding law made by section one of this act shall not  
17 affect the expiration and reversion of such subdivision and shall be  
18 expired and deemed repealed therewith; provided further, however, that  
19 the amendments to clause (B) of subparagraph (iii) of paragraph 1 of  
20 subdivision b of section 1612 of the tax law made by section two of this  
21 act shall not affect the expiration and repeal of such clause and shall  
22 expire and be deemed repealed therewith; provided, further, notwith-  
23 standing the provisions of article 5 of the general construction law,  
24 the provisions of clause (B) of subparagraph (iii) of paragraph 1 of  
25 subdivision b of section 1612 of the tax law, as amended by section two  
26 of this act, are hereby revived and shall continue in full force and  
27 effect as such provisions existed on March 30, 2023.